

SENATE, No. 1759

STATE OF NEW JERSEY

213th LEGISLATURE

INTRODUCED MAY 8, 2008

Sponsored by:

Senator ANTHONY R. BUCCO

District 25 (Morris)

Senator JOSEPH F. VITALE

District 19 (Middlesex)

Co-Sponsored by:

Senators T.Kean, Bateman, O'Toole, Baroni, S.Kean and Whelan

SYNOPSIS

Excludes certain federal employee Thrift Savings Fund contributions from gross income under the gross income tax.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 5/5/2009)

1 AN ACT excluding certain federal employee contributions to the
2 federal Thrift Savings Fund from gross income under the gross
3 income tax, amending P.L.1983, c.571
4

5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*
7

8 1. Section 2 of P.L.1983, c.571 (C.54A:6-21) is amended to
9 read as follows:

10 2. Contributions to certain employee trusts. Gross income shall
11 not include amounts contributed;

12 a. by an employer on behalf of and at the election of an
13 employee to a trust which is part of a qualified cash or deferred
14 arrangement which meets the requirements of [Section 401(k)]
15 subsection (k) of section 401 of the [1954] federal Internal
16 Revenue Code [, as amended] of 1986 (26 U.S.C. s.401); or

17 b. to the federal Thrift Savings Fund established pursuant to 5
18 U.S.C. s.8437 which meet the requirements of subsection (j) of
19 section 7701 of the federal Internal Revenue Code of 1986 (26
20 U.S.C. s.7701).

21 (cf: P.L.1983, c 571, s.2)
22

23 2. This act shall take effect immediately and apply to taxable
24 years beginning after the date of enactment.
25

26

27 STATEMENT
28

29 This bill excludes federal employees' deferred compensation
30 contributions from their gross income subject to taxation under the
31 New Jersey gross income tax.

32 In 1986 Congress established the Federal Employees Retirement
33 System; an important component of the system is the Thrift Savings
34 Plan. The federal Thrift Savings Plan is a tax-deferred retirement
35 savings and investment plan that offers the same type of savings
36 and tax benefits that are offered to the employees of private
37 corporations under 401(k) plans. Federal employees make their
38 contributions to the federal Thrift Savings Fund for investment.

39 This bill excludes federal employees' contributions to the Thrift
40 Savings Fund from taxation under the New Jersey gross income tax.
41 These contributions, together with any earnings generated during
42 their investment in the Thrift Savings Fund, are subject to New
43 Jersey gross income taxation when withdrawn from the fund.

**EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is
not enacted and is intended to be omitted in the law.**

Matter underlined thus is new matter.